



UHERO

THE ECONOMIC RESEARCH ORGANIZATION
AT THE UNIVERSITY OF HAWAII

Forecast Project

HAWAII IN PAUSE MODE

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Workforce Development Council

January 12, 2012

OVERVIEW

Hawaii's gradual recovery continues

- Strong visitor industry performance has slowed
- Job market remains weak
- Home prices have resumed their decline
- Construction at bottom?

OVERVIEW

Hawaii's gradual recovery continues

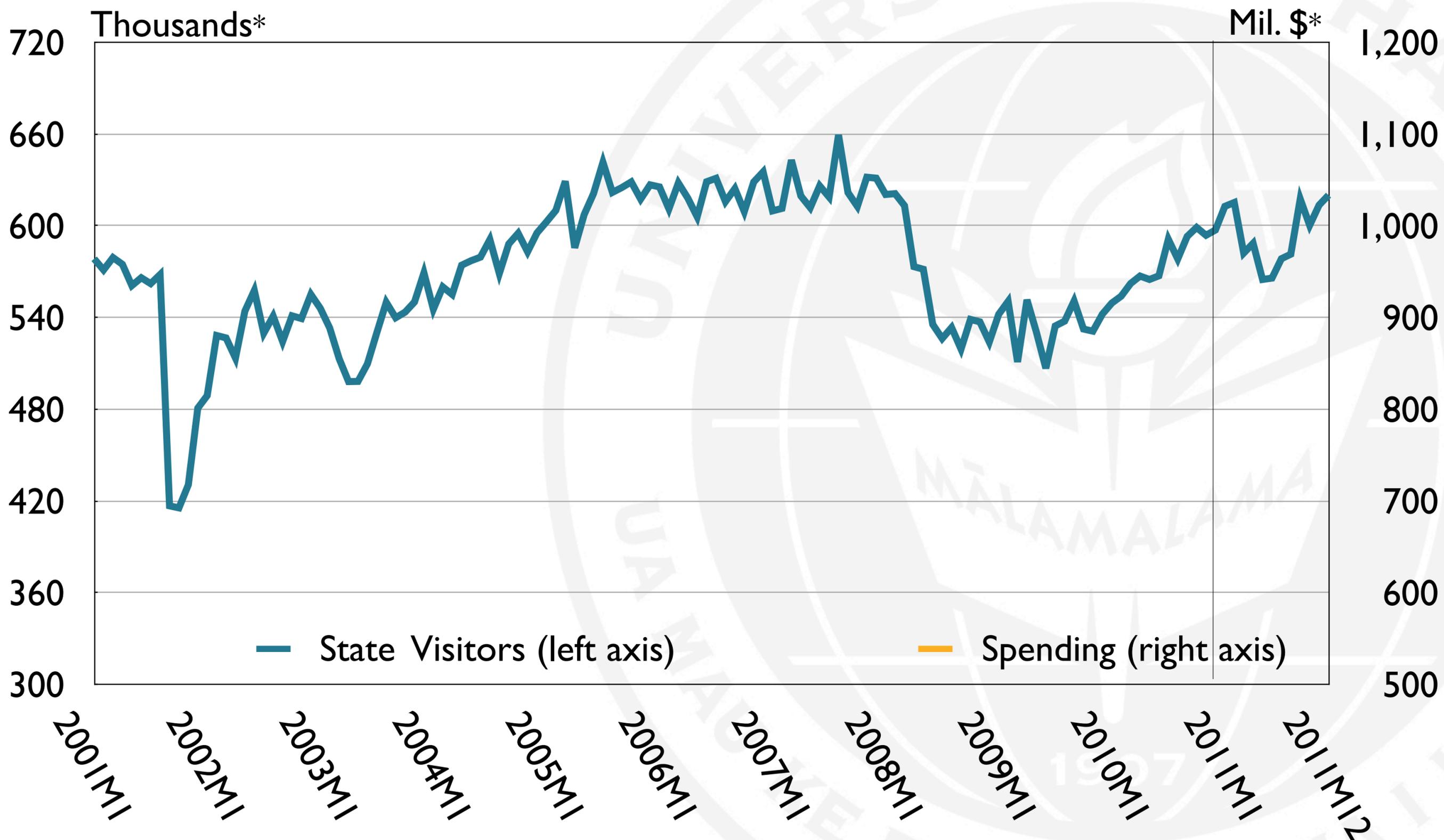
- Strong visitor industry performance has slowed
- Job market remains weak
- Home prices have resumed their decline
- Construction at bottom?

Risks to recovery are significant

- Oil price uncertainty with Iran sanctions ...
- Recent US strength at risk in election year
 - ▶ DC gridlock and austerity fever
 - ▶ Negative campaign to come
- Global growth has weakened with Euro area recession
- Disorderly Greek default looms. Who is next?

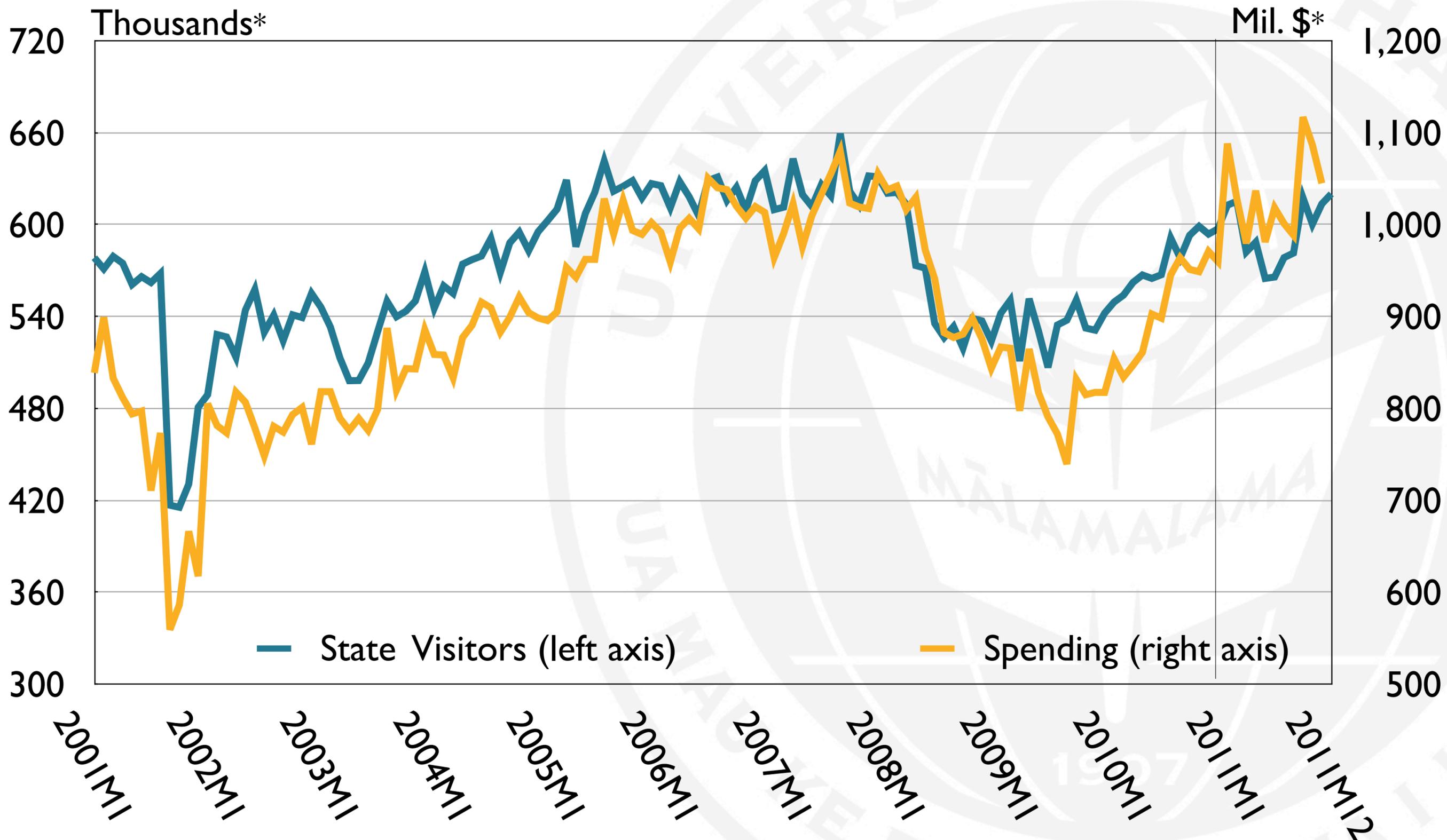
HAWAII TOURISM RECOVERY A 2010 STORY

State Visitor Arrivals & Spending



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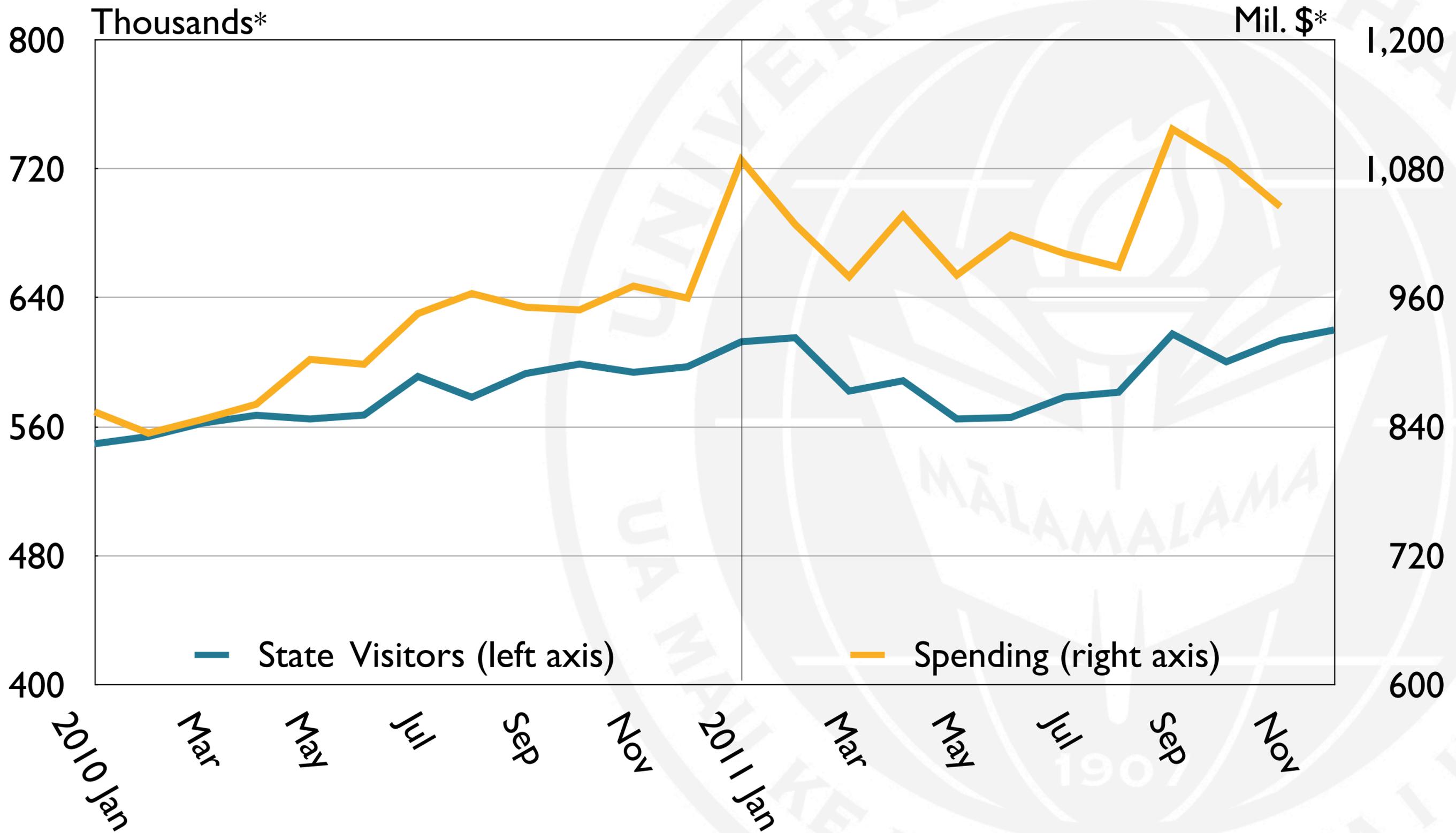
State Visitor Arrivals & Spending



* Seasonally adjusted—UHERO
Source: HTA

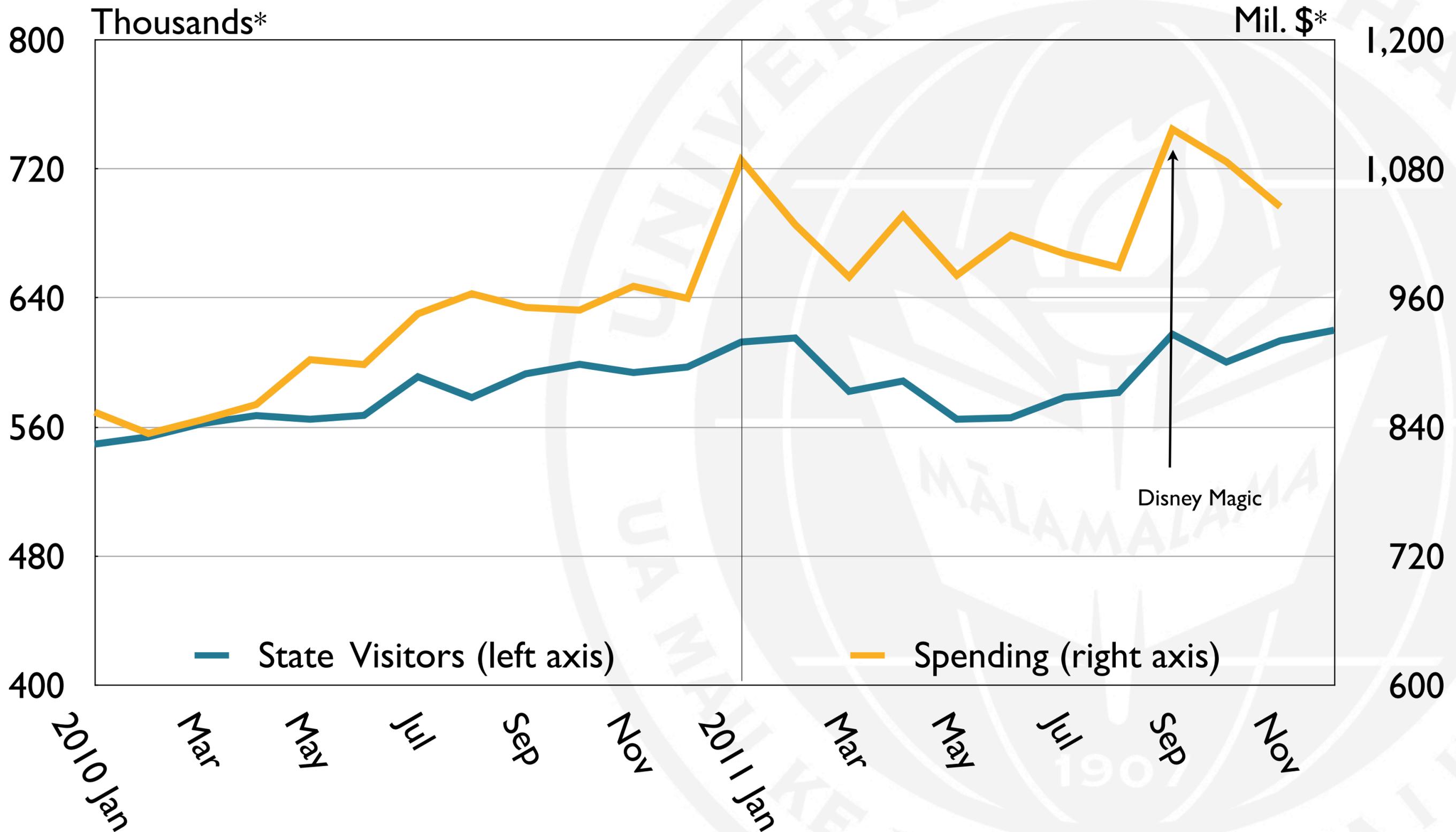
SPENDING AND ARRIVALS BARELY GROWING IN 2011

State Visitor Arrivals & Spending



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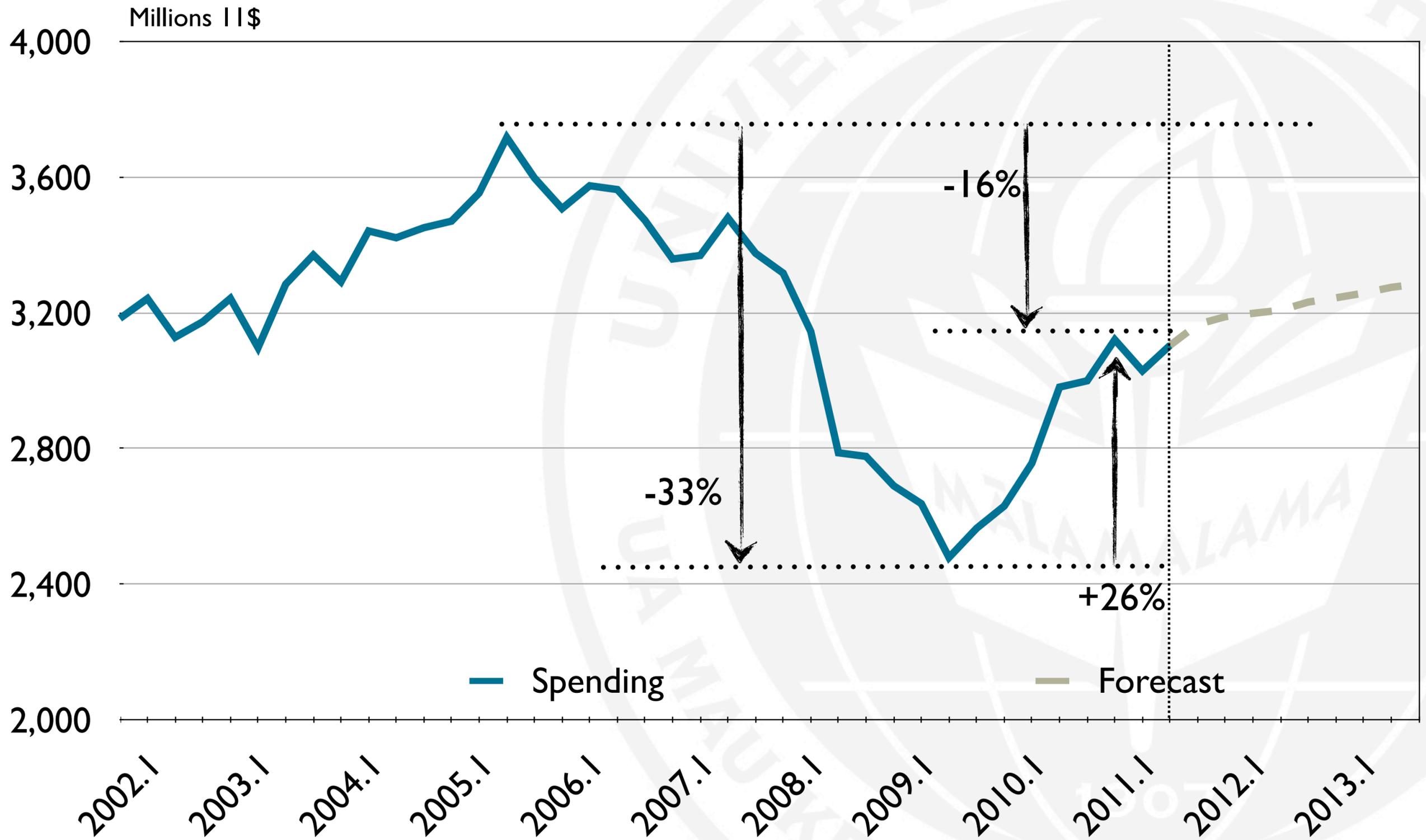


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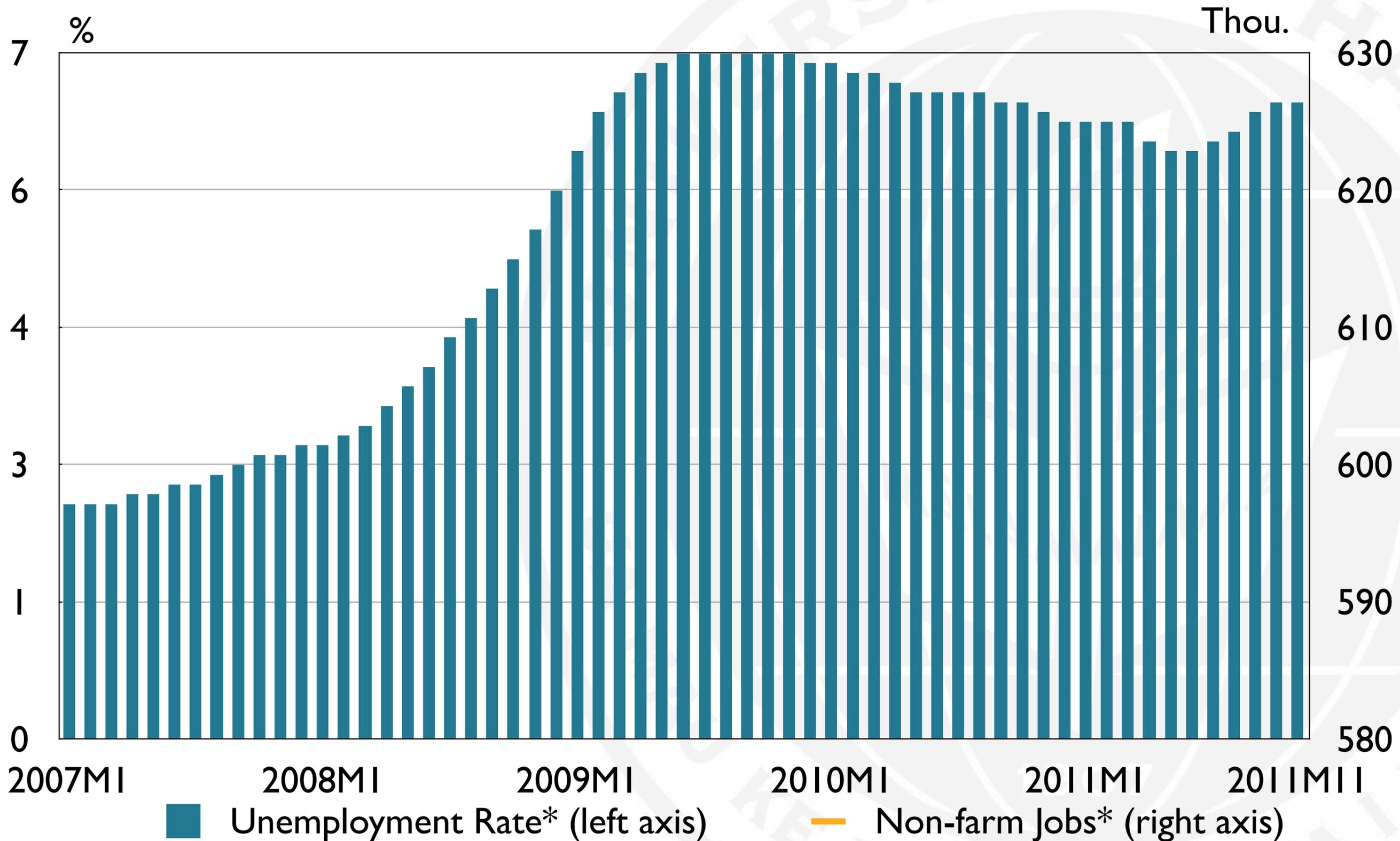
NOMINAL SPENDING SETTING RECORDS, BUT

Real Visitor Spending Forecast



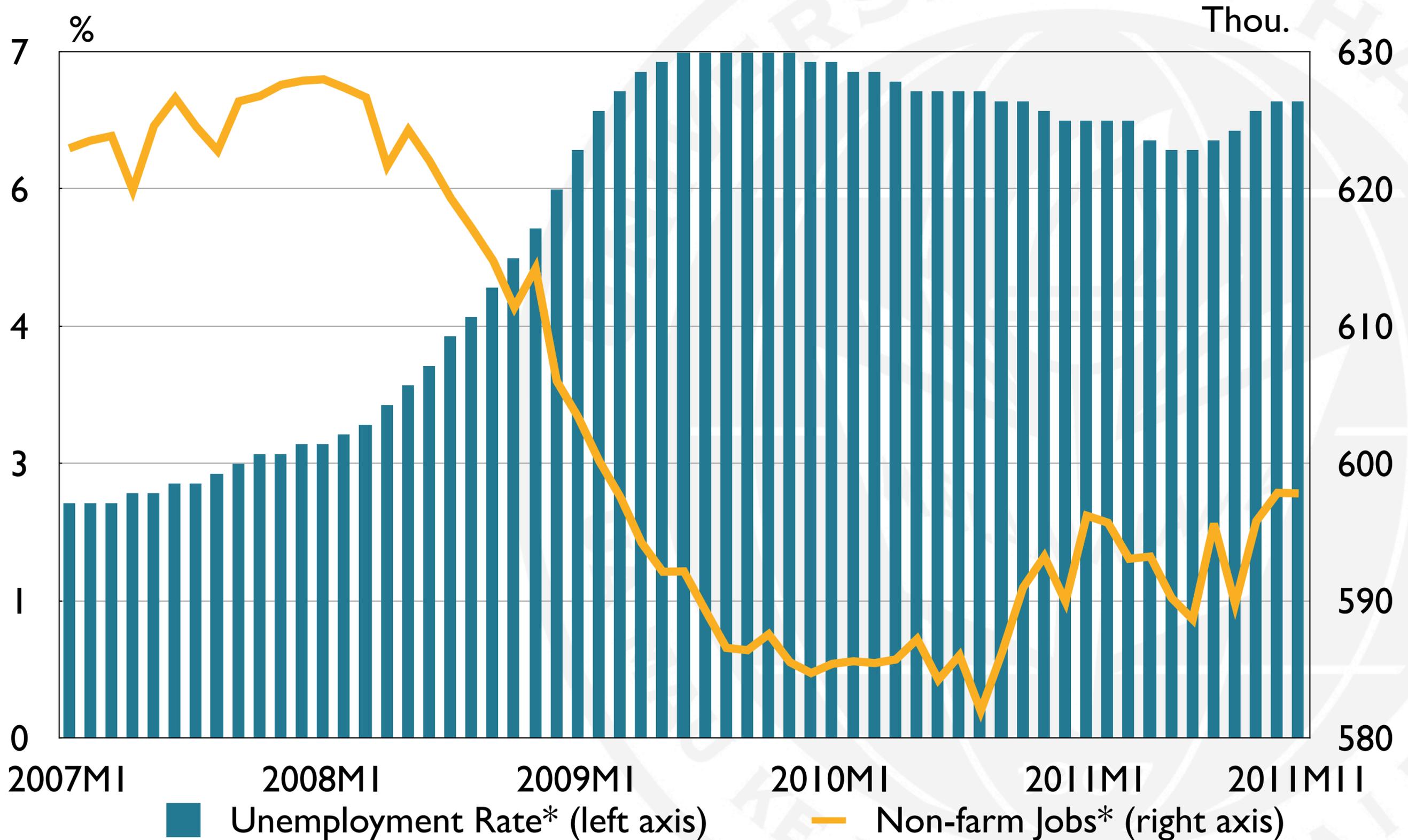
2011 JOB MARKET STILL VERY WEAK

State Job Count vs Unemployment Rate



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State Job Count vs Unemployment Rate

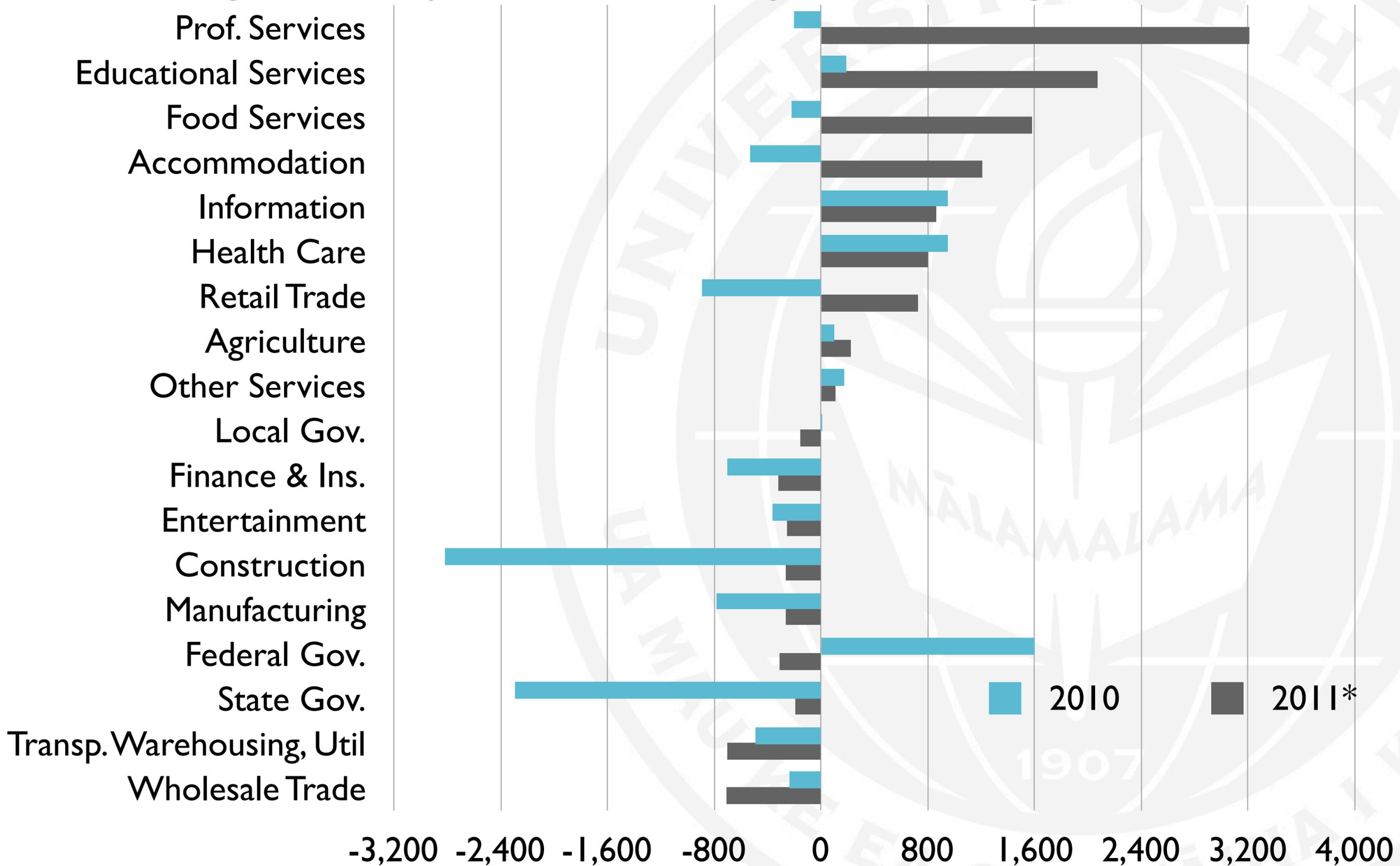


* Seasonally adjusted—UHERO

Source: BLS

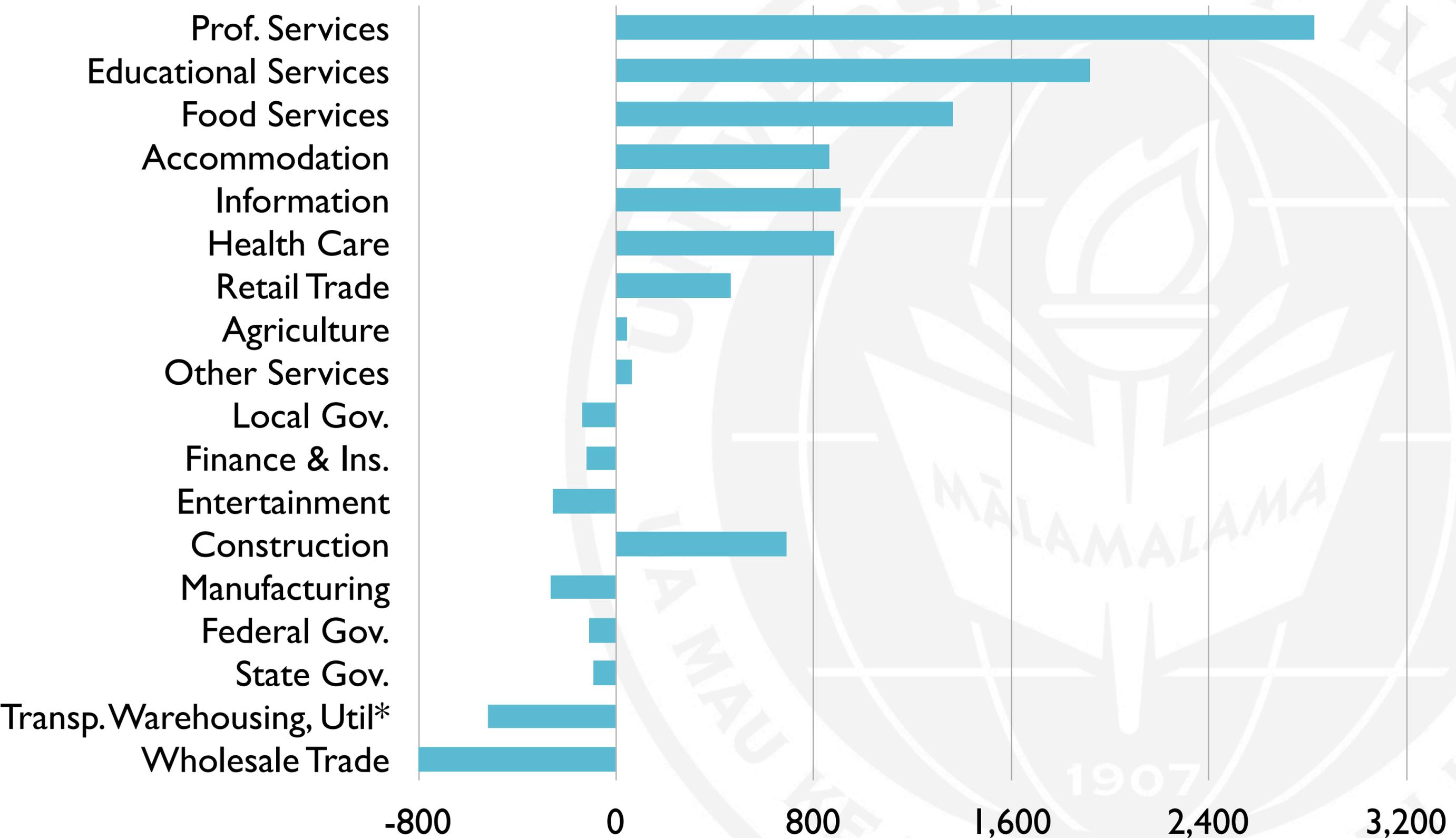
AND JOB GROWTH STILL HIGHLY UNEVEN

change in State job counts (00s) by sector through November



OAHU IS WHERE THE GROWTH IS

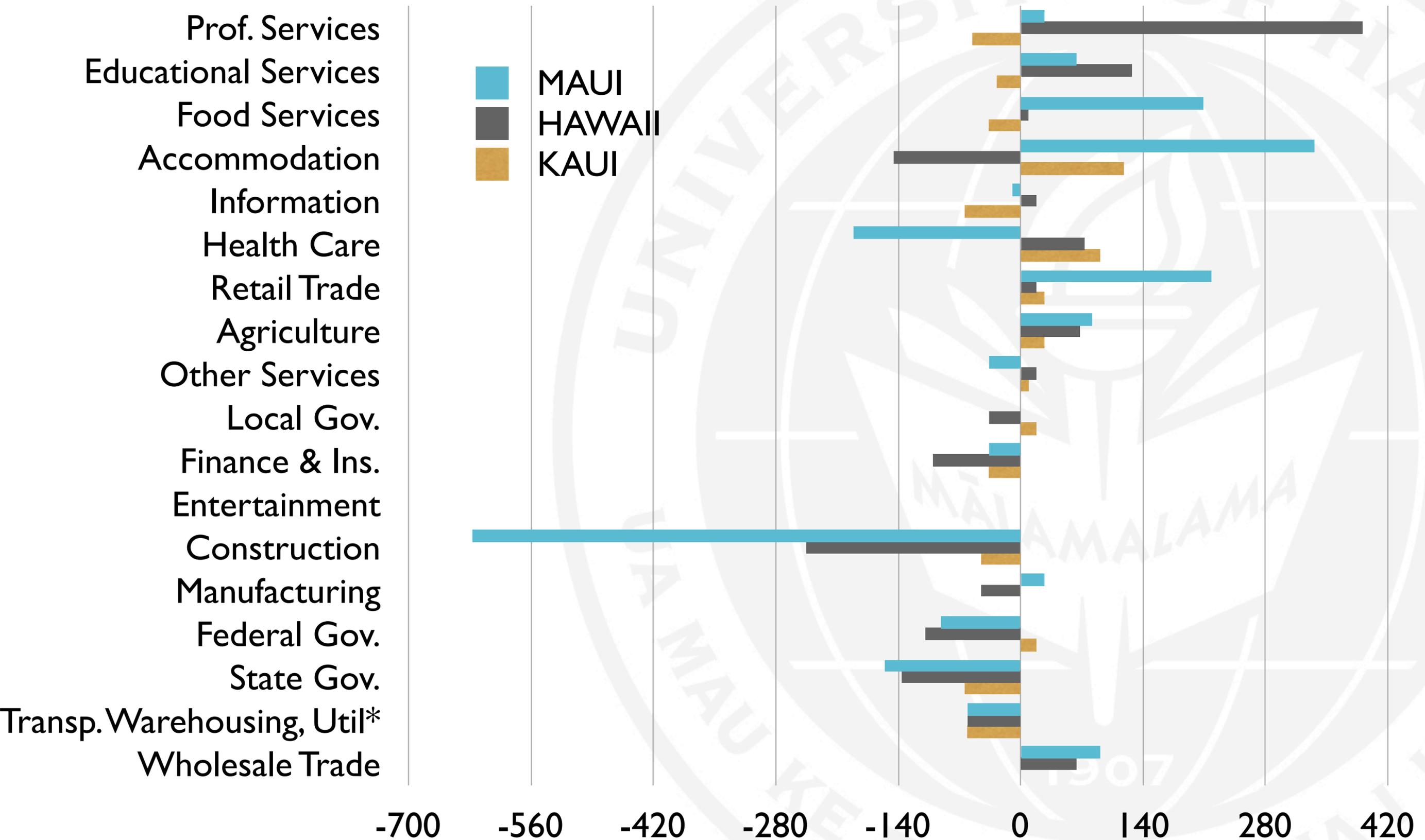
change in Oahu job counts (00s) by sector through November



* UHERO estimate

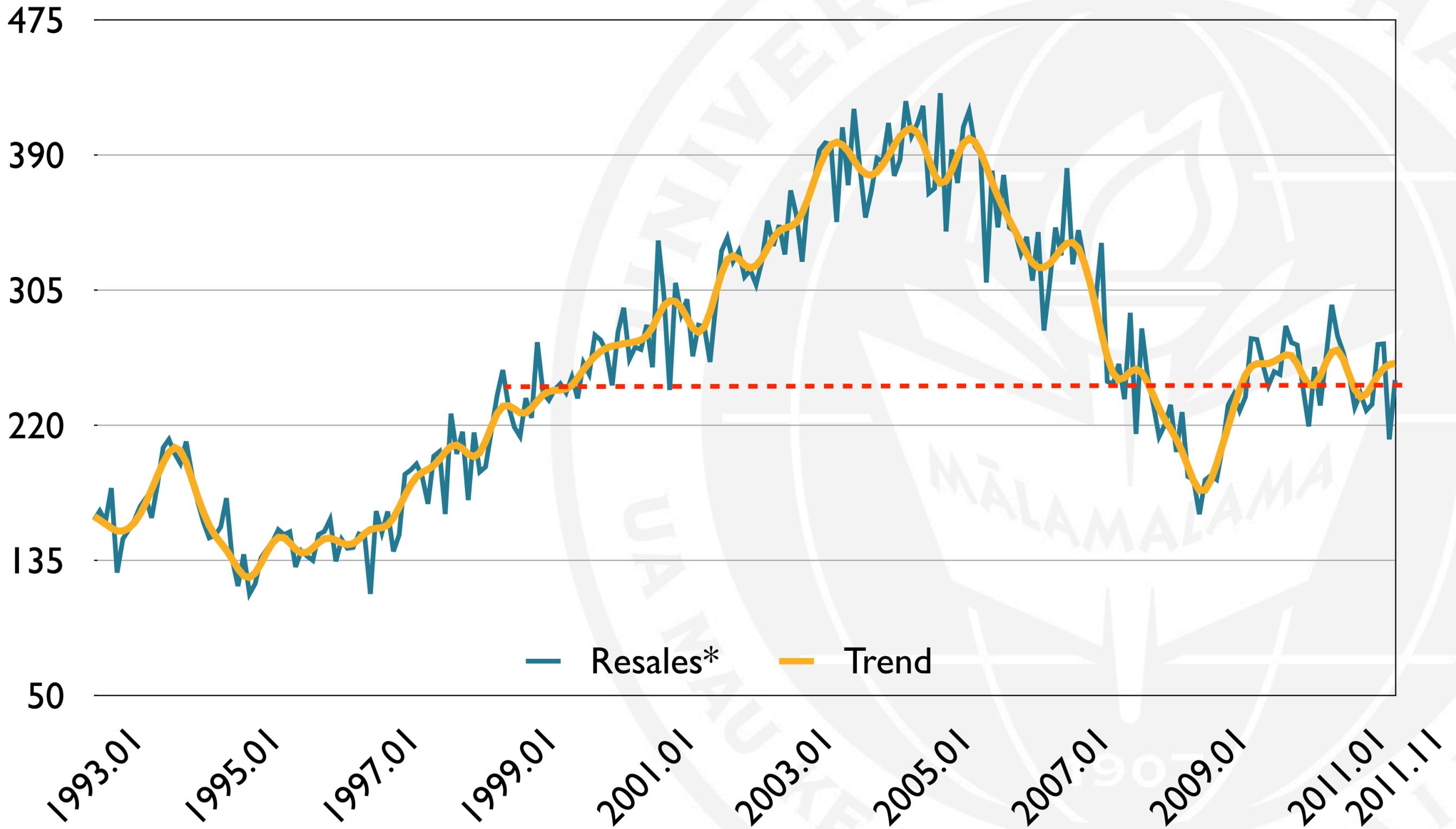
GAINERS AND LOSERS BALANCE OUT

change in job counts (00s) by sector through November



HOME SALES DECLINE

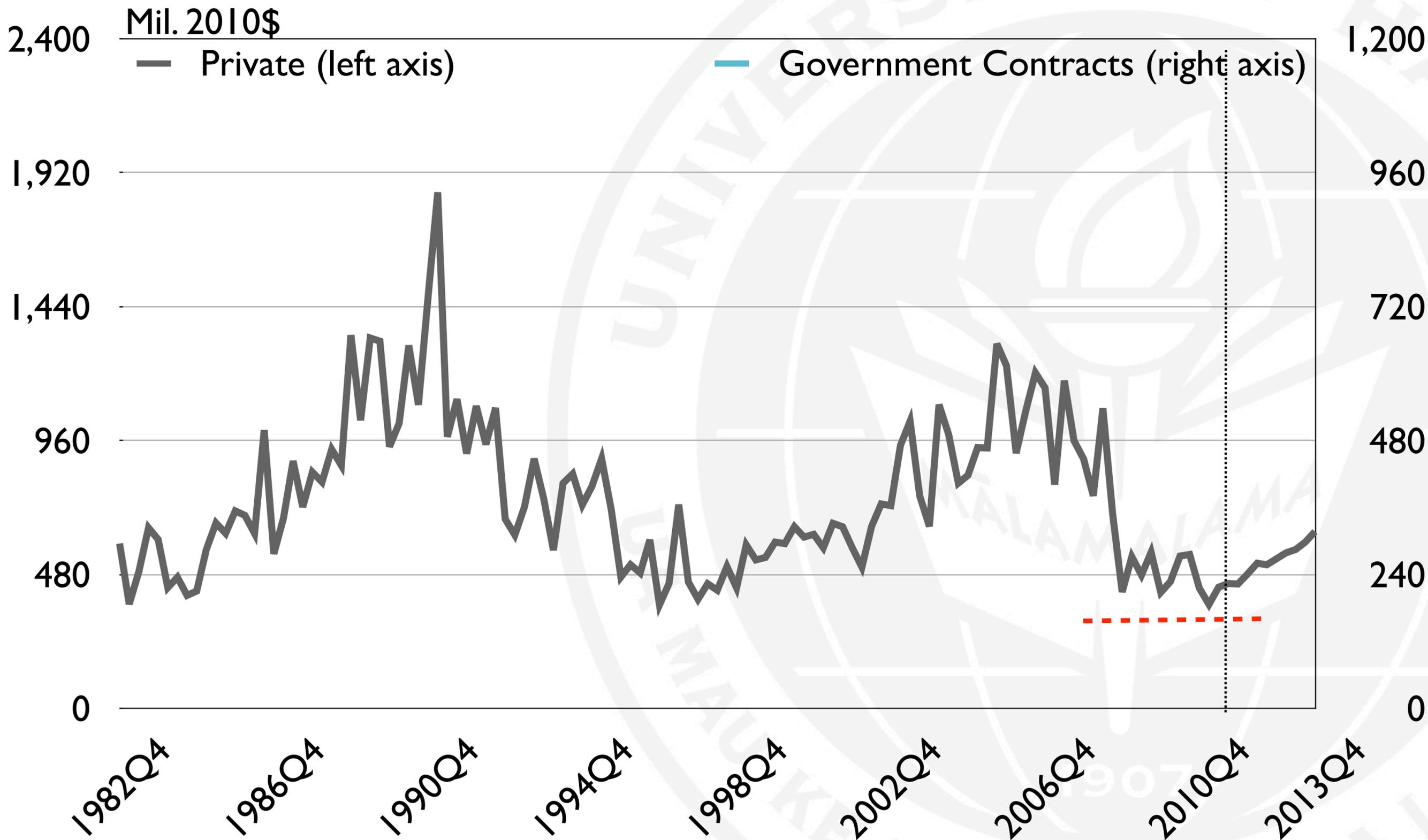
Oahu Single Family Resales



* Seasonally adjusted—UHERO
Source: Honolulu Board of Realtors

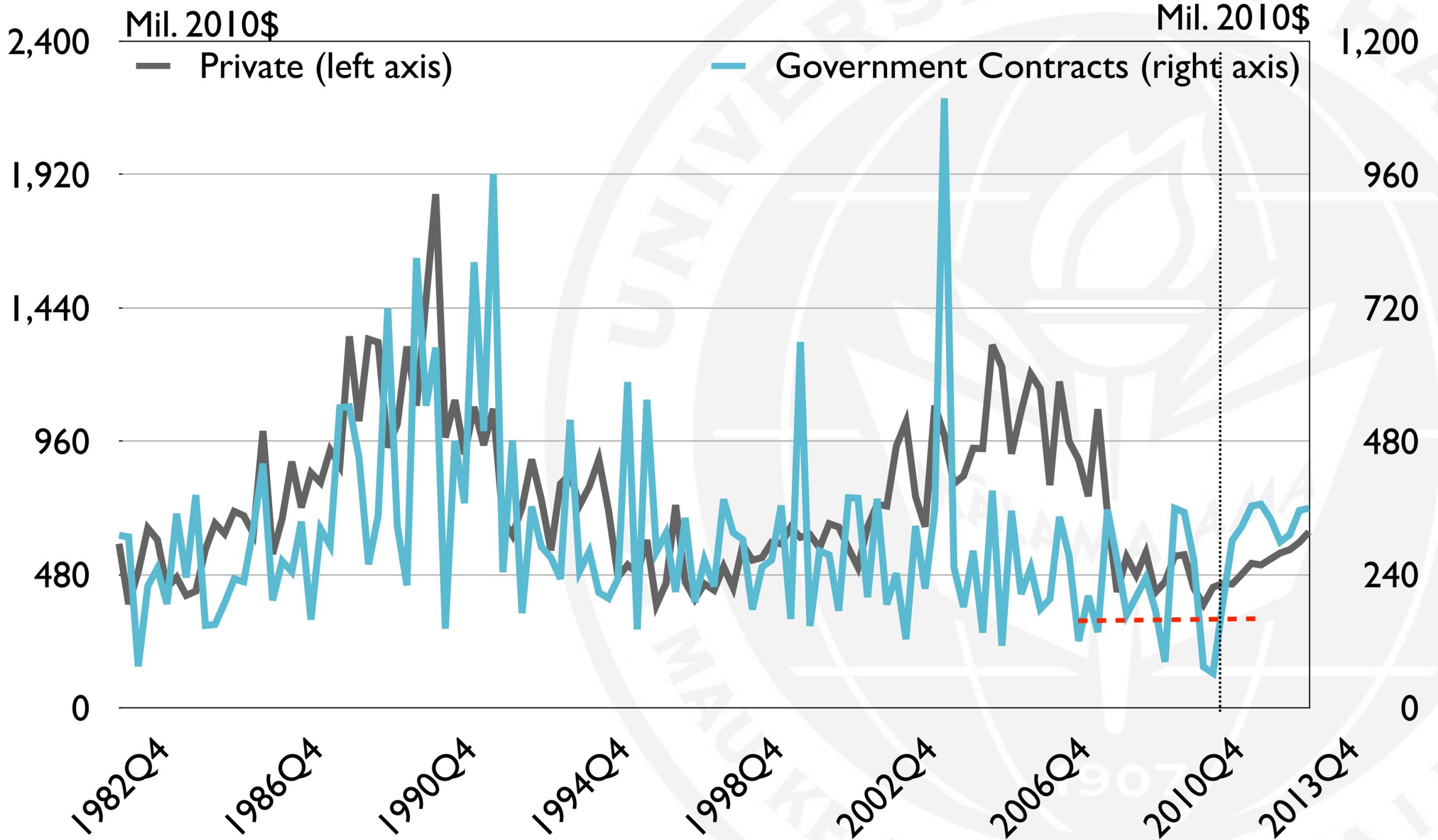
BUILDING PLANS STILL NEAR 30 YEAR LOWS

Real Building Plans–Statewide



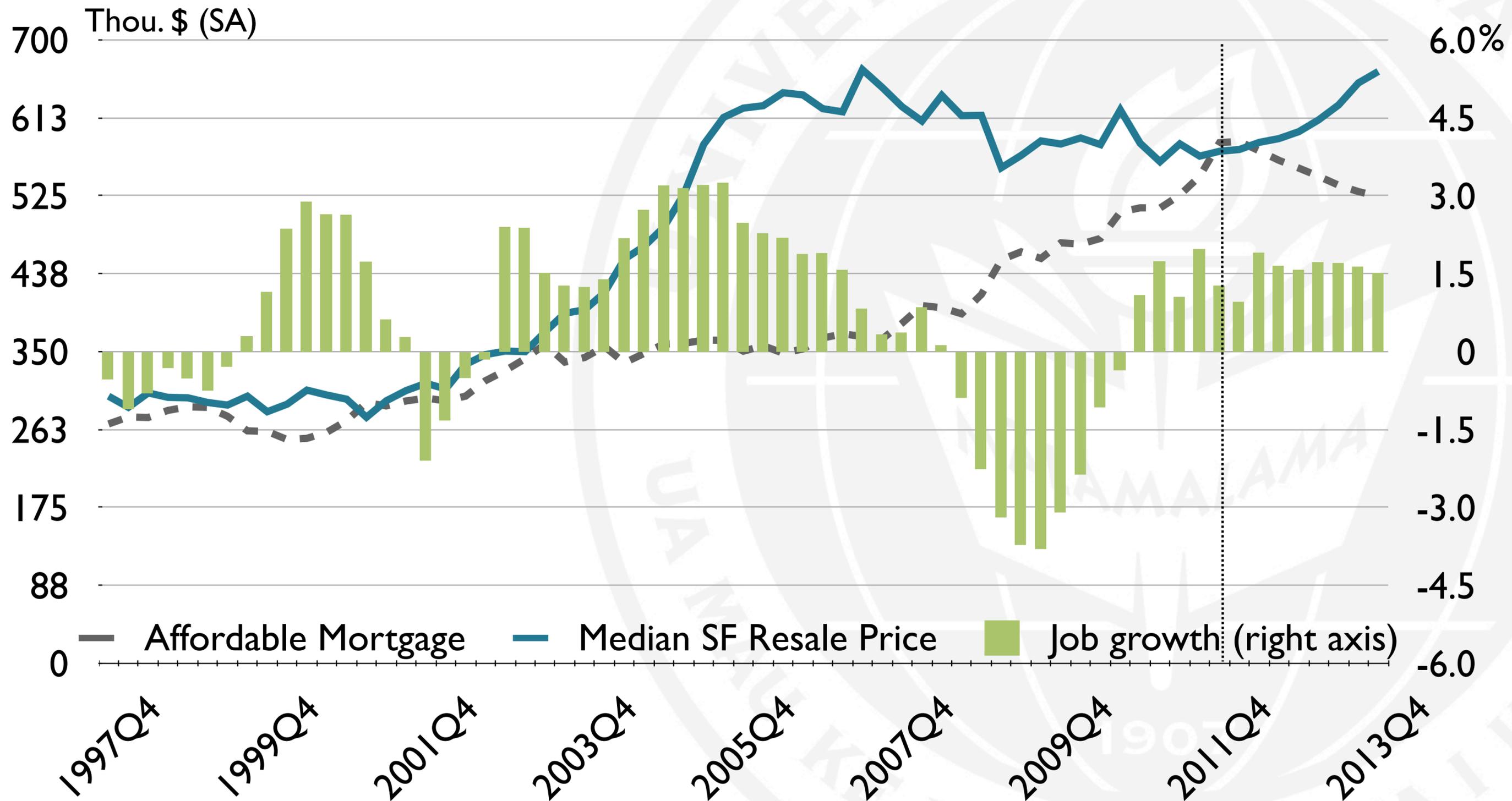
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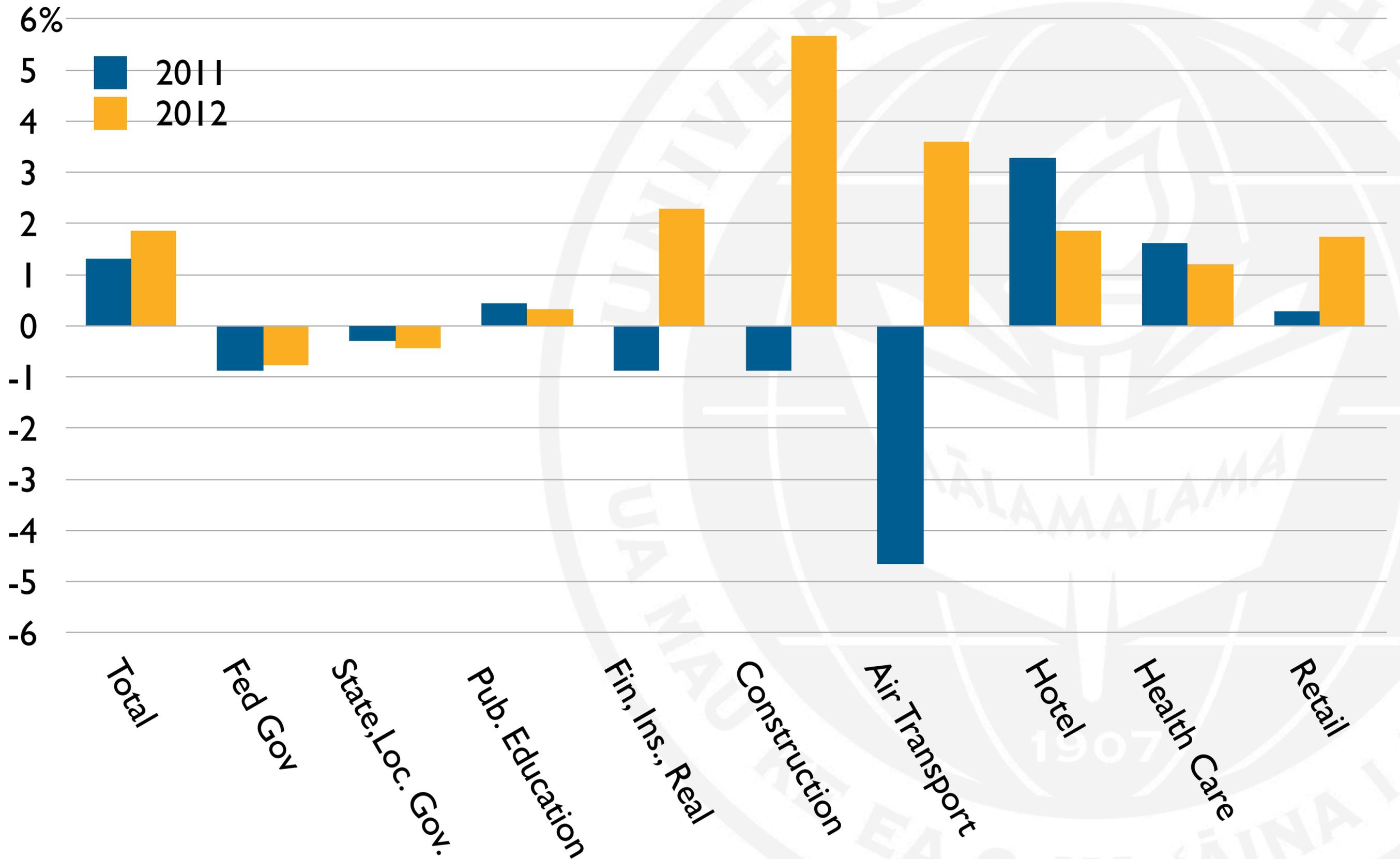
BEST AFFORDABILITY IN A DECADE—FOR NOW

Honolulu Single Family Median Resale Prices



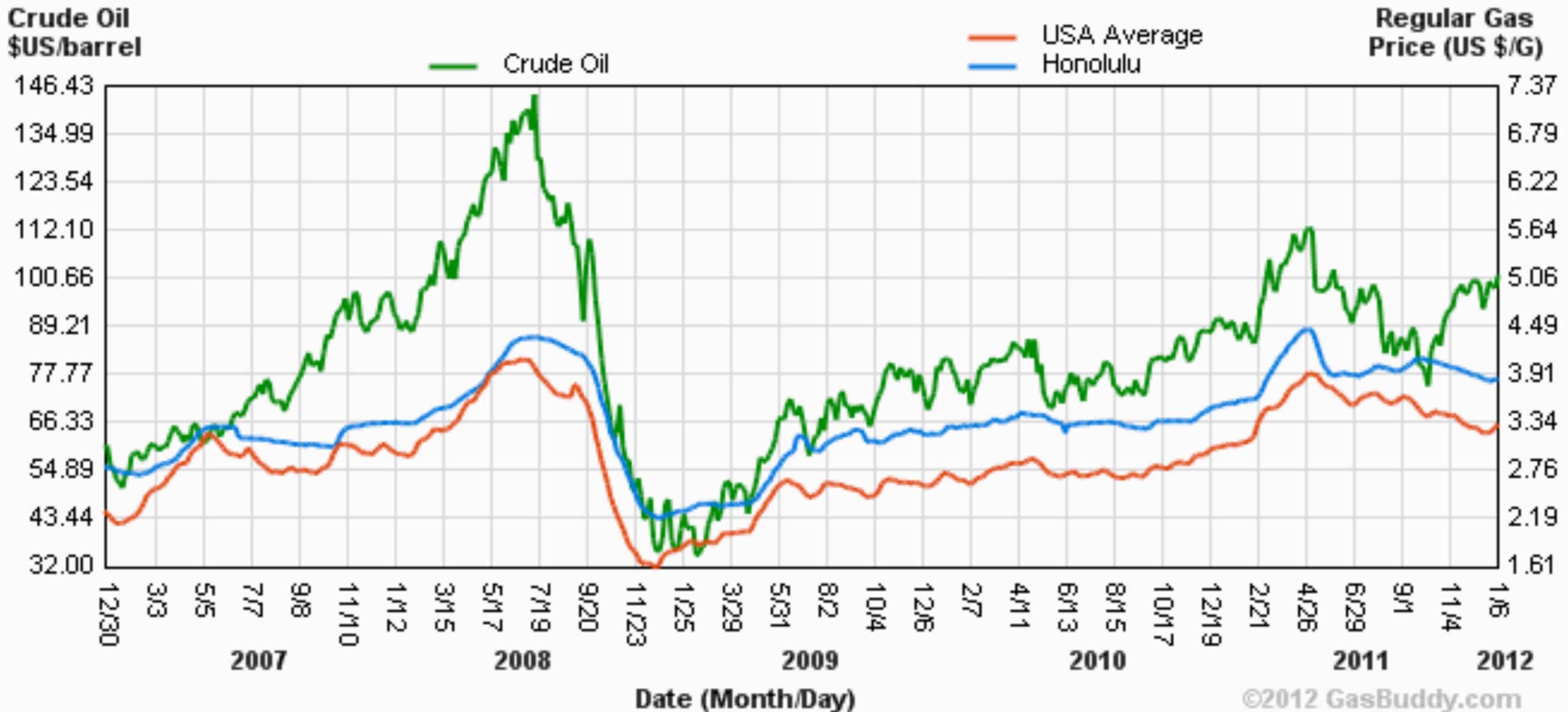
JOB GROWTH SPREADING

State Job Growth by Sector



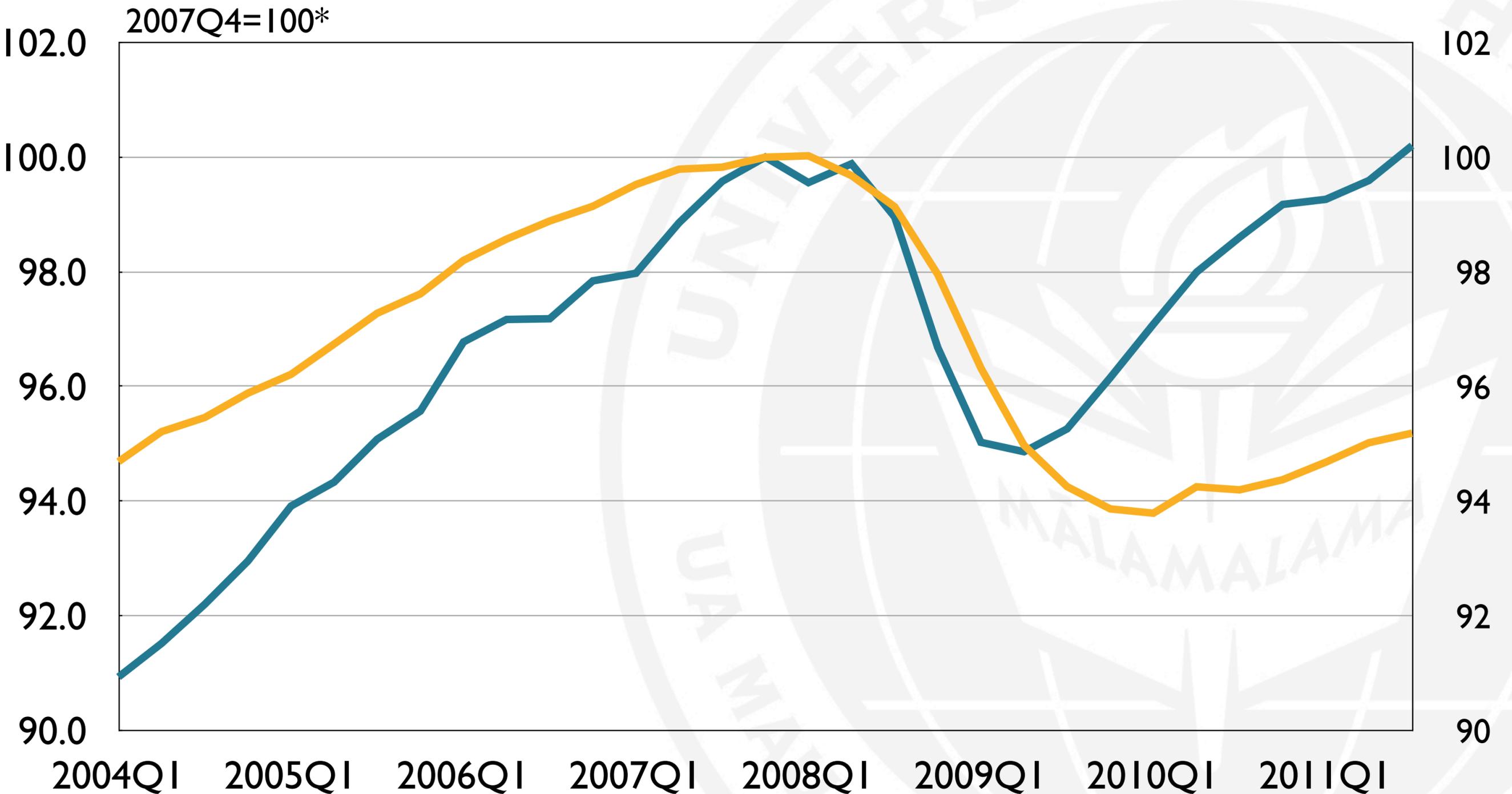
RISKS HAVE NOT GONE AWAY

60 Month Average Retail Price Chart



SLUGGISH US ECONOMY LIKELY TO CONTINUE

US Real GDP and Non-Farm Payroll Employment



* Seasonally adjusted

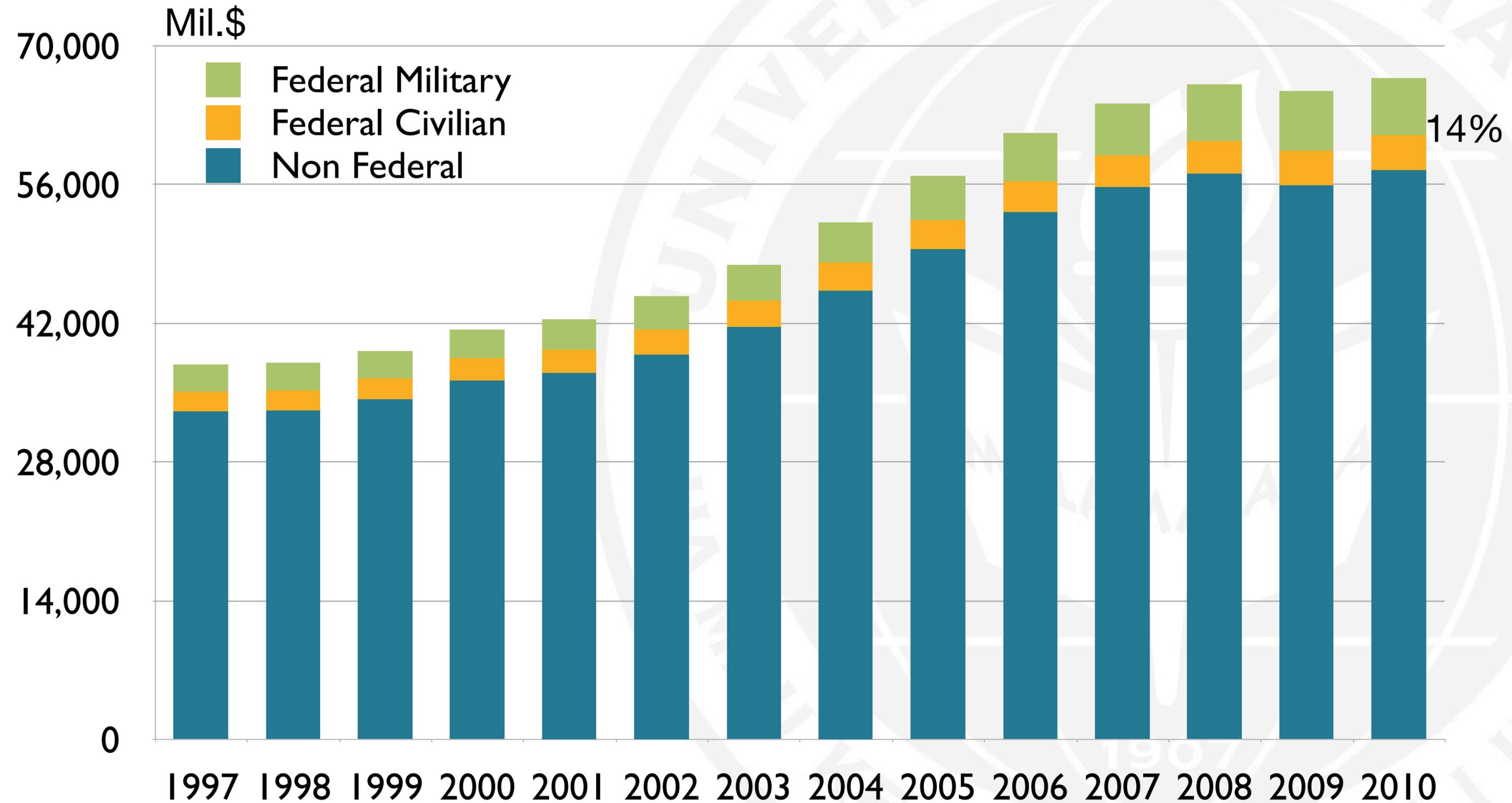
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FEDERAL DOWNSIZING CAN'T HELP

Federal Contribution to Hawaii GDP



EUROPEAN DEBT CRISIS SPREADS

Ten year sovereign debt yields

Greece



Portugal



Italy



Germany



HAWAII ECONOMIC INDICATORS

YEAR-OVER-YEAR PERCENT CHANGE

	2009	2010	2011	2012	2013	2014
Visitor Arrivals	-4.4	8.8	2.1	2.7	1.9	2.0
U.S. Visitor Arrivals	-3.9	7.3	0.8	1.3	1.3	1.4
Japan Visitor Arrivals	-0.6	6.1	-6.6	5.4	0.5	0.8
Other Visitor Arrivals	-10.5	18.3	17.0	5.1	4.8	4.6
Payroll Jobs	-4.5	-0.8	1.2	1.7	2.1	1.9
Employment	-4.1	-0.2	1.6	1.5	1.8	1.9
Unemployment Rate (%)	6.8	6.6	6.0	5.5	5.0	4.6
Inflation Rate, Honolulu MSA (%)	0.5	2.1	3.2	1.6	2.1	1.7
Real Personal Income	-1.4	1.6	1.3	0.9	2.1	2.3
Real GDP	-1.6	-0.1	1.7	2.1	3.0	3.4

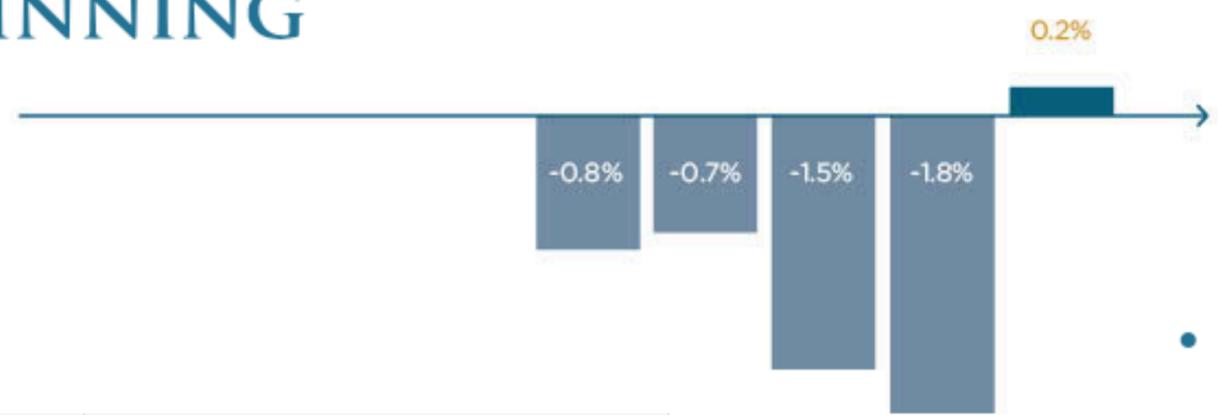
Note: Source is UHERO. Figures for 2011-2014 are forecasts from 2011 Q4 State Forecast Update.

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CHART GALLERY



UPDATES

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KITV Project Economy: Super Committee With Super Deadline

Q & A: Super Committee Decisions Due Next Week

NOVEMBER 11, 2011
KITV Project Economy: APEC's Impact On Local Economy

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BLOG

Almost four years after the start of the great recession total output of goods and services in the US has surpassed its pre-recession peak.

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Median Airfare from US Mainland to Hawaii

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2011 Q4: STATE FORECAST UPDATE

HAWAII IN PAUSE MODE

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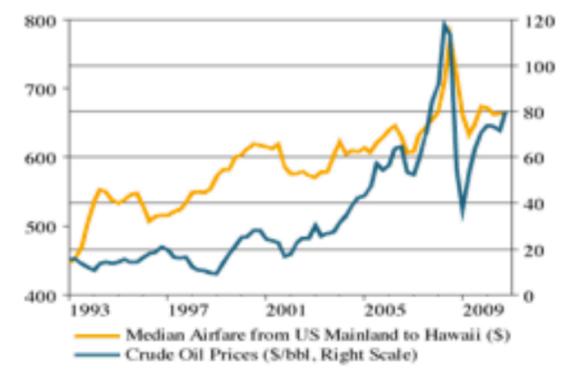
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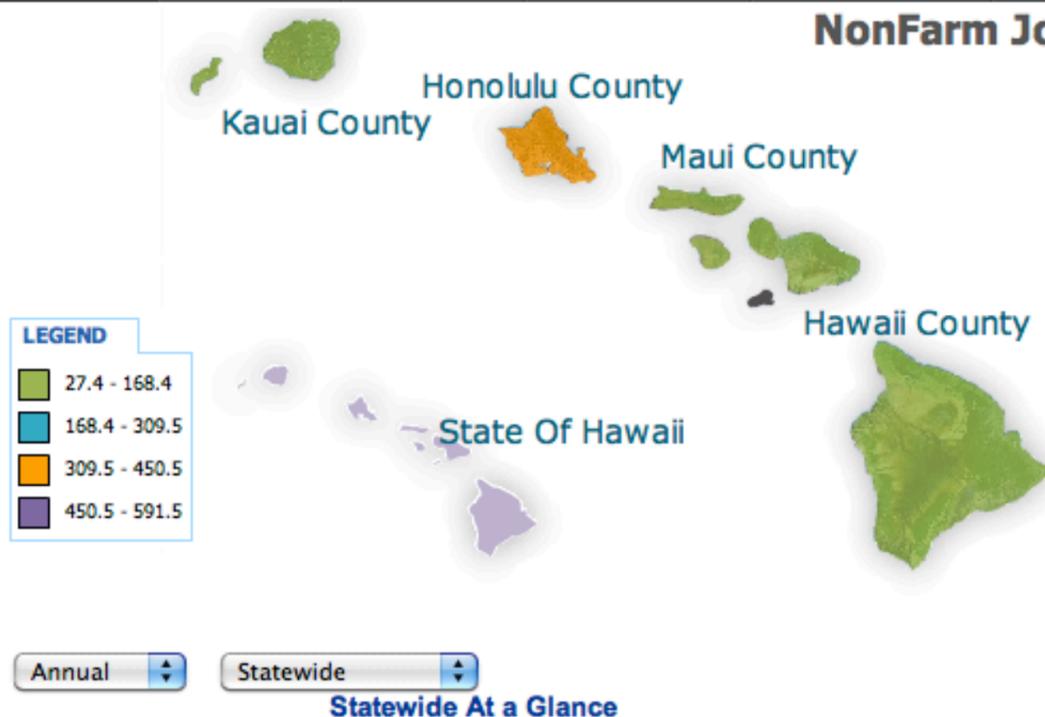
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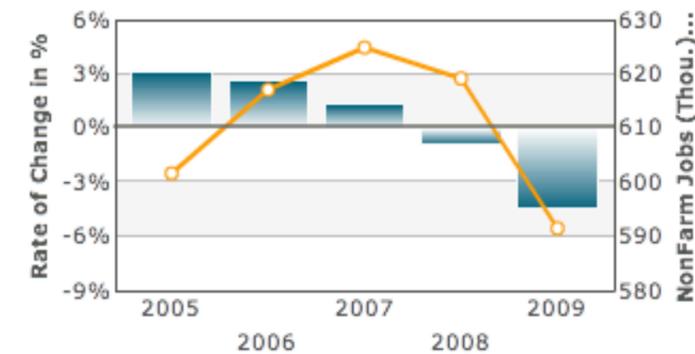
NonFarm Jobs (Thou.), 2009



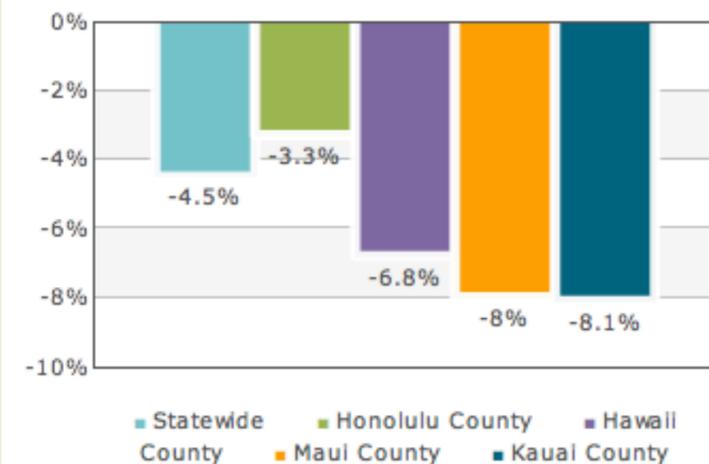
Indicators	Source	2005	2006	2007	2008	2009
NonFarm Jobs (Thou.)		601.6	617.1	624.9	619.2	591.5
Population (Thou.)		1,264.5	1,275.3	1,277.4	1,288.2	1,295.2
Real Per Capita Income (1982-84\$Thou.)		18.1	18.4	18.6	18.4	
Visitors (Thou.)		7,416.6	7,528.1	7,496.8	6,713.4	6,419.1
Unemployment Rate (%)		2.7	2.5	2.6	4.0	6.8

[Click here for more detailed information](#)

NonFarm Jobs (Thou.), Statewide



NonFarm Jobs, 2009



- ▼ Visitor Industry
 - ▼ Visitor Arrival
 - Total Visitor Arrivals
 - Domestic Visitor Arrivals
 - US Visitor Arrivals
 - US East Visitor Arrivals
 - US West Visitor Arrivals
 - International Visitor Arrivals
 - Japanese Visitor Arrivals
 - Canadian Visitor Arrivals
 - ▶ Visitor Census
 - ▶ Visitor Accommodation
 - ▶ Visitor Expenditures
 - ▶ Total Air Seats Outlook
- ▶ Income
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- ▶ External Indicators
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- ▶ Population
- ▶ Construction
- ▶ State Revenue & Expenditure
- ▶ County Revenue & Expenditure
- ▶ Real Estate
- ▶ Agriculture
- ▶ Prices
- ▶ Discontinued series

Source Go to Table Number of scale: Two scale

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Total Visitor Arrivals (Seasonally Adjusted) Statewide



Max. 2 series. Hold 'CTRL' key to select second series.

Frequency: From Year: Quarter: To Year: Quarter: Chart Type: Select Area: Compare To: Seasonally Adjusted

A scenic landscape photograph capturing a sunset over a coastal region. The sun is positioned low on the horizon, partially obscured by a range of dark, silhouetted mountains. The sky is filled with scattered clouds, which are illuminated from below, creating a warm, golden glow. The foreground shows a dark, rocky coastline with small pools of water reflecting the light. The overall mood is serene and majestic.

MAHALO

January 12, 2012

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